

No. 14, S.]

[Published April 22, 1945.]

CHAPTER 58.

AN ACT to amend 186.02, 186.15, 186.17; to repeal and recreate 186.04, 186.12, 186.16, 186.18; and to create 186.25, 186.26, 186.27, 186.28, 186.29, 186.30, 186.31 of the statutes, relating to the regulation of credit unions.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 186.02 of the statutes is amended to read:

186.02 Seven or more citizens of this state may organize a credit union by filing with the banking commission articles of association in duplicate, stating the name, location and purpose of the corporation, the par value of its shares, and the names, residences and occupations of the incorporators, and paying a fee of \$5 to the commission. A verified copy of the by-laws adopted by the incorporators shall be filed with the articles. If the commission shall approve the articles and by-laws, it shall return one duplicate original of the articles to the incorporators with its approval indorsed thereon, and they shall cause the same to be recorded within 30 days in the office of the register of deeds of the county in which said corporation is to be located, and the corporation shall have no legal existence until its articles are so left for record. The register of deeds shall forthwith transmit to the commission a certificate stating the date when such articles were left for record, and the commission shall thereupon issue to the corporation a certificate of incorporation. Approval of the articles and by-laws shall be discretionary with the commission. In the event that the banking commission shall refuse to approve the articles and by-laws and the applicants shall feel aggrieved at such decision they may appeal to the credit union advisory board created by section 186.21 and the decision of said board shall be final. Amendments to the articles adopted by a vote of two-thirds of * * * the members of the corporation *present at an annual meeting or a special meeting called for that purpose* may be filed with the commission upon payment of a fee of \$5, and if approved by it shall become effective upon being recorded in the office of the register of deeds in the same manner as the original articles. All amendments to the by-laws shall be filed with the commission and shall become operative only when approved by it.

SECTION 2. 186.04 of the statutes is repealed and recreated to read:

186.04 ANNUAL FEES. On or before May 1 of each year the banking commission, with the approval of the credit union advisory board, shall fix such fees to be assessed against the individual credit unions as are necessary for the supervision and examination of the credit unions doing business in this state under and by virtue of the laws of this state. Such fees for supervision and examination shall not exceed 25 cents per \$100 of assets or fraction thereof, or the actual cost of the examination, whichever is lower. Each such credit union so doing business in this state shall pay such charge to the banking commission within 30 days from the date the credit union receives notice of such assessment. In the event that fees collected pursuant to this provision are in excess of the annual amounts necessary for the supervision and examination of credit unions, such excess shall be retained by the banking commission from year to year and applied by the commission in reduction of the ensuing annual assessment fees.

SECTION 3. 186.12 of the statutes is repealed and recreated to read:

186.12 COMPENSATION OF OFFICERS, SURETIES, OPERATION EXPENSES. No member of the board of directors shall receive any compensation for his services as a member of said board, nor shall any member of the credit committee, either directly or indirectly become surety for any loan or advance made by the corporation. The officers elected by the board of directors and the members of the credit committee may receive such compensation as said board shall authorize, but the expenditures of the corporation for all purposes shall be paid from its earnings.

SECTION 4. 186.15 of the statutes is amended to read:

186.15 * * *. EXAMINING. Immediately after the annual meeting of the members and election of officers, the president shall appoint, subject to confirmation by the board of directors at their next following meeting, an * * * *examining* committee of 3 * * *. This * * * *examining* committee shall have full authority to examine any or all records at any time they desire and it shall be the duty of said committee to make thorough * * * *examinations* of cash on hand and in the bank, receipts, disbursements, income, expenses, assets and

liabilities, at least * * * *semiannually*. Said committee shall report its activities and recommendations to the board of directors periodically and to the membership at the annual meeting. The complete report of this committee shall be read at the annual meeting and shall be filed and preserved with the records of the corporation.

SECTION 5. 186.16 of the statutes is repealed and recreated to read:

186.16 DIVIDENDS. Quarterly, semiannually or annually the gross earnings shall be ascertained and from this amount shall be set aside the amount required for the guaranty fund provided in section 186.17. From the balance shall be deducted the expenses of the credit union. Out of the remainder a dividend may be declared by the board of directors. Such dividends shall be paid on all paid up shares outstanding at the end of the dividend period. Shares which become fully paid up during the dividend period shall be entitled to a proportionate part of said dividend providing said shares shall be on deposit at the close of the period for which dividend is declared. No dividend shall be paid on shares withdrawn during the dividend period. Dividends due to a member shall be paid in cash or credited to the account of the member, the same as payments on shares.

SECTION 6. 186.17 of the statutes is amended to read:

186.17 Immediately before the payment of each dividend, *the gross earnings of the corporation shall be determined and there shall be set apart as a guaranty fund at least * * * 15 per cent of the * * * gross income which has accumulated during the * * * period until such fund equals 10 per cent of the total assets; provided, however, that when said guaranty fund is less than 10 per cent of the total assets, the banking commission may in its discretion increase the amount of net income proportioned to this reserve and may order the transfer of any reserves and undivided earnings to the said guaranty fund. Said fund and the investments thereof shall belong to the corporation and shall be held to meet contingencies or losses in its business. Whenever said fund falls below 10 per cent of the assets aforesaid, it shall be replenished by regular appropriations in such amounts and in such percentages as the banking commission shall order until such fund shall again equal 10 per cent of the total assets. Upon recommendation of*

the board of directors, the members at an annual meeting may increase the proportion of profits to be set apart as a guaranty fund.

SECTION 7. 186.18 of the statutes is repealed and recreated to read:

186.18 DISSOLUTION. Upon the unanimous recommendation of the board of directors the members may vote to dissolve the corporation provided that at least two-thirds of the members vote by ballot in favor of dissolution, and provided not more than 10 members either in person or by written notice, object thereto. A committee of 3 shall thereupon be elected to liquidate the assets of the corporation, and each share of the capital stock, according to the amount paid in thereon, shall be entitled to its proportion of the proceeds after the debts of the corporation have been paid. The committee in charge of liquidation shall have the power and authority to sell or dispose of the assets in whole or in part at a public or private sale subject to confirmation by the board of directors and the banking department.

SECTION 8. 186.25, 186.26, 186.27, 186.28, 186.29, 186.30 and 186.31 of the statutes are created to read:

186.25 SUPERVISION; REPORTS. All credit unions formed under this or other similar law, or authorized to transact in this state a business similar to that authorized to be done by this chapter, shall be under the control and supervision of the banking commission. Every such corporation, on December 31 of each year, shall make a full and detailed report of its business done the preceding year, and of its condition on such date, in such form and containing such information as said commission may prescribe, and shall file with it a true and verified copy thereof on or before February 1 thereafter. Accompanying the same shall be attached a copy of the statement of the credit union at the close of its last fiscal year. If any such credit union shall fail or refuse to furnish the report herein required it shall be subject, at the discretion of the banking commission, to a forfeiture of \$1 to \$10 per day for each and every day of default, and the banking commission may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury.

186.26 EXAMINATIONS. At least once in each year, the banking commission shall make or cause to be made an examination into

the affairs of all such credit unions and for that purpose the commission or the examiners appointed by it shall have full access to, and may compel the production of, all their books, papers, securities and monies, administer oaths to and examine their officers and agents as to their affairs. Special examination shall be made upon written request of 5 or more members, they guaranteeing the expense of the same. Any such credit union refusing to submit to an examination ordered or requested shall be reported to the attorney-general, who shall institute proceedings to have its charter revoked, which refusal shall be the cause for such revocation.

186.27 BOOKKEEPING; BANKING COMMISSION MAY PRESCRIBE. Whenever it shall appear to the banking commission that any credit union operating in this state does not keep books and accounts in such manner as to enable it to readily ascertain the true condition of such credit union, it shall have the power to require the officers of such credit union or any of them to open and keep such books or accounts as it may in its discretion determine and prescribe for the purpose of keeping accurate and convenient records of the transactions and accounts of such credit union.

186.28 FORFEITURE FOR FAILURE TO OBEY COMMISSION. Any credit union that refuses or neglects to open and keep such books or accounts as may be prescribed by the banking commission, shall be subject, at the discretion of the banking commission, to a forfeiture not to exceed \$10 per each day it neglects and fails to open and keep such prescribed books and accounts. Whenever any credit union fails or refuses to pay the forfeiture hereunder imposed for failure to open and keep such books or accounts, the banking commission is authorized to institute proceedings.

186.29 POSSESSION BY BANKING COMMISSION. (1) CONDITIONS FOR TAKING POSSESSION. The banking commission may forthwith take possession and control of the business and property of any credit union to which this chapter is applicable whenever it shall find that such credit union:

- (a) Is conducting its business contrary to law; or
- (b) Has violated its charter, or any law; or
- (c) Is conducting its business in an unauthorized or unsafe manner; or
- (d) Is in an unsound or unsafe condition to transact its business; or

- (e) Has an impairment of its capital; or
- (f) Cannot with safety and expediency continue business; or
- (g) Has suspended payment of its obligations; or
- (h) Has neglected or refused to comply with the terms of a duly issued order of the commission; or
- (i) Has refused to submit its books, papers, records or affairs for inspection to any examiner; or
- (j) Has refused to be examined upon oath regarding its affairs.

(2) **PROCEDURE ON TAKING POSSESSION.** Upon taking possession of the business and property of any such credit union the banking commission shall forthwith:

(a) Serve a notice in writing upon the president and secretary of said credit union setting forth therein that it has taken possession and control of the business and property of said credit union. Said notice shall be executed in duplicate, and immediately after the same has been served, one of the said notices shall be filed with the clerk of the circuit court of the county where said credit union is located together with proof of service.

(b) Give notice to all individuals, partnerships, corporations and associations known to the banking commission to be holding or in possession of any assets of such credit union.

(c) The banking commission may appoint one or more special deputy commissioners as agent to assist in the duty of liquidation and distribution of the assets of one or more credit unions of whose business and property the banking commission shall have taken possession pursuant to the provisions of this chapter. A certificate of such appointment shall be filed in the office of the banking commission and a certified copy in the office of the clerk of the circuit court for the county in which such credit union is located. The banking commission may employ such counsel and procure such expert assistance and advice as may be necessary in the liquidation and distribution of the assets of such credit union, and may retain such of the officers or employees of such credit union as they deem necessary. The special deputy commissioner and assistants shall furnish such security for the faithful discharge of their duties as the banking commission deems proper. Such special deputy commissioner may execute, acknowledge and deliver any and all deeds, assignments, releases or other instruments necessary and proper to effect any sale and transfer or incumbrance of real estate or personal prop-

erty and may borrow money for use in the liquidation after the same has been approved by the banking commission and an order obtained from the circuit court of the county in which said credit union is located as hereinafter provided.

(d) Upon taking possession of the property and business of such credit union, the special deputy commissioner of banking is authorized to collect all monies due to such credit union, and do such other acts as are necessary to conserve its assets and business, and shall proceed to liquidate the affairs thereof as hereinafter provided. He shall collect all debts due and claims belonging to it, and upon a petition approved by the banking commission and upon order of the circuit court of the county in which such credit union is located, may sell or compound all bad or doubtful debts, or do any act or execute any other necessary instruments and upon like petition and order may sell all the real and personal property of such credit union on such terms as the court shall approve. Such special deputy commissioner may, if necessary, enforce individual liability of the stockholders to pay the debts of such corporation.

(3) NOTICE, ALLOWANCE AND PAYMENT OF CLAIMS. The special deputy commissioner of banking shall cause notice to be given by advertisement in such newspapers as he may direct, weekly, for 3 consecutive weeks, calling on all persons who may have claims against such credit union, to present the same to the special deputy commissioner of banking, and make legal proof thereof at a place and within a time, not earlier than the last day of publication, to be therein specified. He shall mail a similar notice to all persons at their last-known address, whose names appear as creditors upon the books of the credit union. Proof of service of such notice shall be filed with the clerk of said court. The special deputy commissioner may reject any claim. Any party interested may also file written objections to any claim with the special deputy commissioner of banking and after notice by registered mail of such rejection, said claimant shall be barred unless he commences an action thereon within 3 months. Claims presented after the expiration of the time fixed in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets then in the hands of the special deputy commissioner of banking equitably applicable thereto.

(4) INVENTORY OF ASSETS AND STATEMENT OF LIABILITIES. Upon taking possession of the property and assets of such credit union, the special deputy commissioner of banking shall make an inventory of the assets of such credit union, in duplicate, one to be filed in the office of the banking commission and one in the office of the clerk of circuit court for the county in which such credit union is located. Upon the expiration of the time fixed for the presentation of claims, the special deputy commissioner of banking shall make in duplicate a full and complete list of the claims presented, including and specifying such claims as have been rejected by him, one to be filed in the office of the banking commission, and one in the office of the clerk of circuit court for the county in which such credit union is located. Such inventory and list of claims shall be open at all reasonable times to inspection.

(5) ADJUSTMENT OF LOANS AND WITHDRAWAL VALUE OF SHARES. The value of shares pledged upon a loan to such credit union shall be applied and credited to such loan and the borrower shall be liable only for the balance. The rate of interest charged upon such balance shall be the legal rate. The value shall be determined in such manner as the banking commission prescribes, and shall be made pursuant to section 186.30 (1) and (3), or in such other manner as the banking commission may prescribe. Upon the approval of such value by the banking commission and the circuit court of the county in which such credit union is located, the book value of each member shall be reduced proportionately. At least 5 days' written notice of such determination of value shall be given to all shareholders of the time and place such value shall be submitted to the circuit court for approval. Should any stockholder or creditor of such credit union feel aggrieved by any such determination of value, he may at any time within 15 days after the mailing of a notice by the banking commission, addressed to the last-known address of such party, giving notice of such determination and value of such shares, appeal to the supreme court.

(6) COMPENSATION AND EXPENSES IN CONNECTION WITH LIQUIDATION. The compensation of the special deputy commissioners, counsel and other employes and assistants, and all expenses of supervision and liquidation shall be fixed by the banking commission, subject to the approval of the circuit court

for the county in which such credit union is located, and shall upon the certificate of the banking commission be paid out of the funds of such credit union. Expenses of supervision and liquidation shall include the cost of the service rendered by the credit union division of the banking department to the credit union being liquidated and shall be determined from time to time by the banking commission and shall be paid to the banking department from the assets of the credit union as other expenses of liquidation are paid. The monies collected by the special deputy commissioner of banking shall be from time to time deposited in one or more state banks, and, in case of the suspension or insolvency of the depository, such deposits shall be preferred before all other deposits.

(7) LIQUIDATING DIVIDENDS. At any time after the expiration of the date fixed for the presentation of claims, the special deputy commissioner of banking in charge of the liquidation of such credit union may, upon a petition approved by the banking commission and an order of the circuit court of the county in which such credit union is located, out of the funds remaining, after the payment of expenses and debts, declare one or more dividends, and may declare a final dividend, such dividend to be paid to such persons, and in such amounts as may be directed by the circuit court.

(8) TITLE PASSES TO BANKING COMMISSION. Immediately upon filing the notice as provided for in subsection (2), the possession of all assets and property of such credit union of every kind and nature, wheresoever situated shall be deemed to be transferred from such credit union to, and assumed by the banking commission; and filing of the notice mentioned herein, shall of itself, and without the execution or delivery of any instruments of conveyance, assignment, transfer or indorsement, vest the title to all such assets and property in the banking commission. Such filing shall also operate as a bar to any attachment, garnishment, execution or other legal proceedings against such credit union, or its assets and property, or its liabilities.

(9) EFFECT OF POSSESSION. No credit union shall have a lien, or charge for any payment, advance or clearance made, or liability thereafter incurred, against any of the assets of the credit union of whose property and business the banking commission shall have taken possession.

(10) APPEAL. Whenever any such credit union, whose property and business the banking commission has taken possession of, as aforesaid, deems itself aggrieved thereby, it may, at any time within 10 days after such taking, appeal to the credit union advisory board for relief from such possession by the commission. In the event the credit union advisory board sustains the banking commission, the said credit union may then at any time within 10 days after the decision of the credit union advisory board, apply to the circuit court of the county in which such credit union is located to enjoin further proceedings; and said court after citing the banking commission to show cause why further proceedings should not be enjoined and hearing all allegations and proofs of the parties and determining the facts, may, upon the merits dismiss such application or enjoin the banking commission from further proceedings, and direct it to surrender such business and property to such credit union.

(11) REINSTATEMENT. Whenever the banking commission shall have taken over the possession and control of the business and property of any credit union the same may resume business when and if:

(a) The owners of at least two-thirds of such credit union dollar value of outstanding shares, execute a petition to such effect, the form of which shall be prescribed by the banking commission, and

(b) There is submitted to the banking commission by such shareholders or a committee duly selected by them, a plan for the reorganization and reinstatement of such credit union, and

(c) The banking commission recommends that control of the business and property of such credit union be returned to the shareholders, and

(d) The court in which such liquidation is pending, upon application of the banking commission, makes an order approving the banking commission recommendations, which order shall contain a finding that such credit union will be in a safe and sound condition when control is resumed by the shareholders.

(12) REINSTATEMENT UPON RESTRICTED BASIS. Such credit union may also resume business upon a restricted basis, and upon such limitations and conditions as may be prescribed by the banking commission when approved by the circuit court in and for the county in which such credit union is located, upon application of the banking commission. Such restrictions

and conditions may include, among others, a prohibition against the selling of new shares, reasonable restrictions upon withdrawals and the payment of other liabilities. Such credit union shall thereupon be relieved from the control and supervision of the banking commission as provided in this section, but nothing herein shall, in any manner, prohibit the banking commission from again proceeding against such credit union as provided herein.

(13) LIQUIDATING DIVIDENDS AND UNCLAIMED FUNDS.

(a) Unclaimed liquidating dividends and unclaimed funds remaining unpaid in the hands of the special deputy commissioner of banking for 6 months after the order for final distribution shall be by him deposited in one or more state banks, to the credit of the banking commission in its name, in trust for the several shareholders and creditors. The banking commission shall include in its annual report to the governor the names of credit unions so taken possession of and liquidated, and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of them respectively, including a statement of interest earned upon such funds.

(b) The banking commission may pay over the monies so held by it to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, it may require an order of the circuit court authorizing and directing the payment thereof. It may apply the interest earned by the monies so held by it towards defraying the expenses in the payment and distribution of such unclaimed liquidating dividends and funds to the stockholders and creditors entitled to receive the same.

186.30 READJUSTMENT IN OTHER CASES. (1) Whenever from an examination or report, it shall appear to the banking commission that the capital of any credit union is impaired, or may in the near future become impaired, the banking commission may, with the approval of the credit union advisory board, issue an order to such credit union, requiring the directors to forthwith appoint subject to the approval of the banking commission 3 competent persons, not members of such credit union, who shall appraise such property owned by, or upon which such credit union has a loan or judgment, as the banking commission shall designate. The appraisers so appointed and approved shall

appraise and fix the current market value of all such property as aforesaid and report their findings to the banking commission and the directors. The value as found by such appraisers shall be the value from which all losses shall be determined.

(2) Whenever the banking commission shall find that the losses existing, or which it may reasonably be anticipated will be sustained in the near future, are more than two-thirds of the amount in the guaranty fund of the credit union, it may, with the approval of the advisory board, issue an order to such credit union, which order shall provide that no further dividends be credited or paid and no monies paid out for retiring shares, whether noticed for withdrawal, until the banking commission shall otherwise order.

(3) After the banking commission shall have determined the losses existing or which it shall determine may reasonably be sustained in the near future, it shall issue an order providing that the book value of each share be depreciated as stated in such order, the officers shall forthwith proceed to depreciate the book value of all shares as ordered. A record shall be made on the books showing the amount by which the book value of the shares was depreciated, and a copy of such record shall be filed with the banking commission.

(4) Any borrowing member may, after the book value of his shares shall have depreciated as provided in subsection (3), pay to the credit union the difference between the withdrawal value of his shares as depreciated, and the amount due on his loan, and his note and other securities shall thereupon be released.

(5) The directors may, with the approval of the banking commission, make share loans to members upon such terms and conditions as the banking commission may order, but such loans shall be for provident purposes only and not more than \$100 shall be loaned to any one member in any one month.

(6) The directors shall give notice by mail to each member, stating in such notice that the book value of his shares has been depreciated, the date when such book value was depreciated and the book value of his shares after such depreciation. The mailing of such notice to the last-known place of abode as shown on the records of the credit union shall be a compliance with this subsection.

(7) The directors may, with the approval of the banking commission, sell, lease, transfer, exchange and convey any of the

property of the credit union, and upon their order the proper officers shall execute and deliver such deeds, leases, assignments, bills of sale and such other transfers and conveyances as are necessary to dispose of such property as herein provided.

(8) The directors may compromise and settle any claim, demand or judgment which is a part of the assets of the credit union, but no compromise of any claim, demand or judgment shall be made except upon express consent of the banking commission.

(9) The banking commission shall prescribe reasonable rules and regulations not inconsistent with laws for the operation of credit unions operating as provided in this section.

(10) Except as otherwise provided in this section, such credit union shall be operated as provided in this chapter.

(11) The directors shall make no disbursements or contract to make disbursements for salaries, compensation, fees or any other item of expense, nor retire shares, nor pay or declare dividends during the time such credit union is operating as provided in this section without the approval of the banking commission.

186.31 CONSOLIDATION OF CREDIT UNIONS. (1) Any credit union may absorb any other credit union located in the same county, which is in good faith winding up its business for the purpose of being absorbed by some other local credit union, and may transfer its resources and liabilities to the credit union with which it is in the process of consolidation; but no credit union may absorb any other credit union without the consent of the banking commission, and not then to defeat or defraud any of its creditors in the collection of their debts against such credit union or either of them.

(2) Whenever 2 credit unions, with the approval of the banking commission, shall, by a majority vote of the board of directors of each such credit union, propose to consolidate and such consolidation be ratified and confirmed by the affirmative vote of the shareholders of each such credit union owning at least two-thirds of the dollar value of its shares outstanding, at a meeting of such shareholders to be held on call of the directors, after sending notice of the time, place and object of the meeting to each shareholder of record by registered mail at least 30 days prior to said meeting.

(3) The credit union consolidating with another credit union under the provisions of the preceding subsections shall not be required to go into liquidation but its assets and liabilities shall

be reported by the credit union with which it has consolidated, and all the rights, franchises and interests of said credit union so consolidated in and to any species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred, and the said consolidated credit union shall hold and enjoy the same and all rights of property, franchises and interest in the same manner and to the same extent as was held and enjoyed by the credit union so consolidated therewith; and the members or shareholders of such absorbed credit union shall without any further act on their part be members and shareholders of such consolidated credit union and be subject to all rights, privileges and duties as provided for in the by-laws of the credit union which has so absorbed their credit union.

Approved April 19, 1945.

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CHAPTER 59.

AN ACT to amend 6.17 (1), 6.185 (4) (c), 10.15 (1), 11.57 and 11.60 of the statutes, relating to election administration.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 6.17 (1) of the statutes is amended to read:

6.17 (1) The clerk of the municipality shall receive applications for registration at his office during regular office hours throughout the year, and at such other places and at such times as he may deem advisable, except that registration for any election or primary shall be closed at * * * 5 p. m. central time on the second Wednesday next preceding the election or primary. At the first primary election conducted after the taking effect of sections 6.15 to 6.18, any qualified voter shall be permitted to register at the polls on the day of election and vote at such election. Such registration shall be conducted by the regular election officers, or in the discretion of the city council, by a special registration deputy appointed by the city clerk for each precinct.

SECTION 2. 6.185 (4) (c) of the statutes is amended to read:

6.185 (4) (c) The clerk of the municipality shall receive applications for registration at his office during regular office